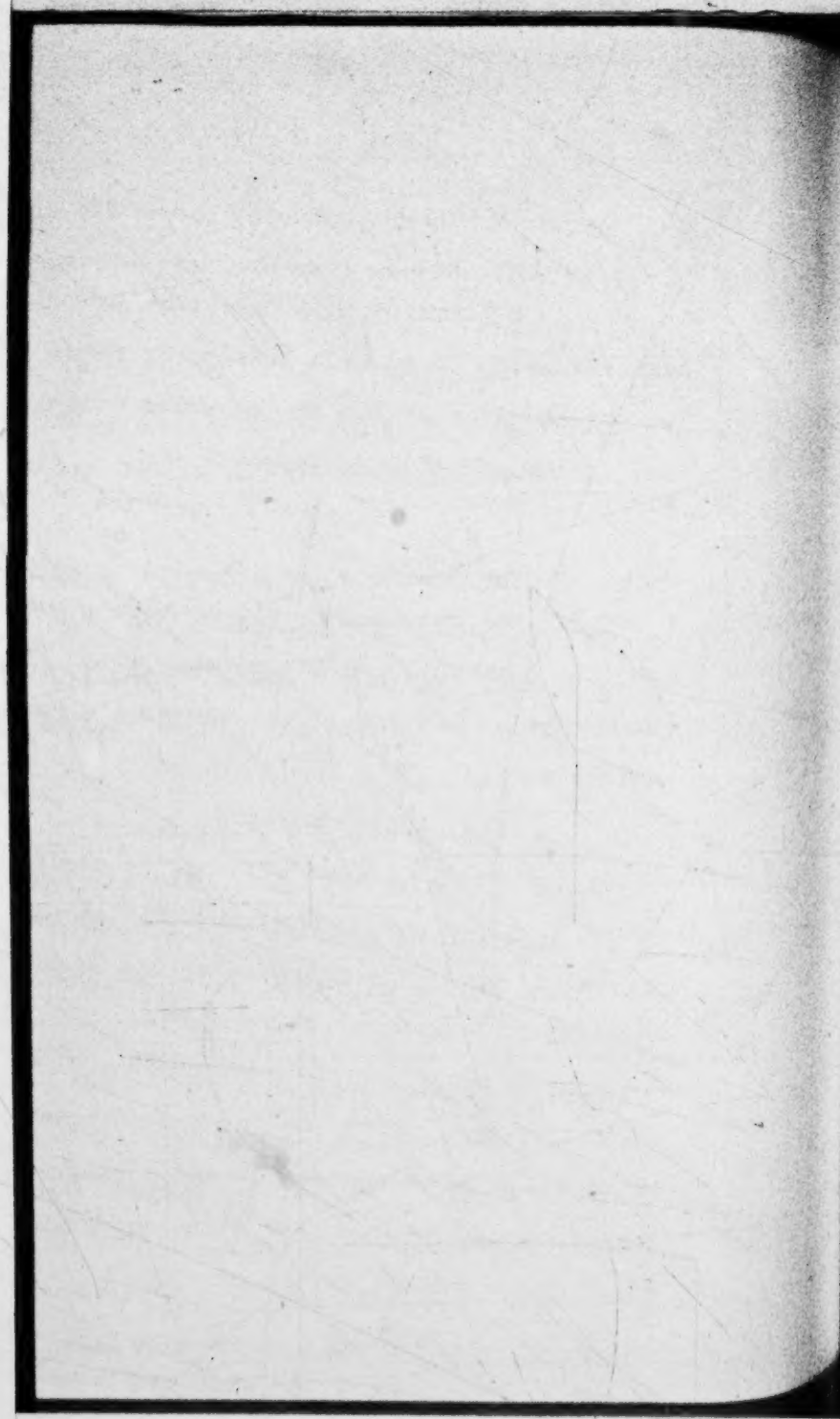

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1971

No. 71-315

DEEPSOUTH PACKING CO. INC., *Petitioner,*

v.

THE LAITRAM CORPORATION, *Respondent.*

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

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August 31, 1971

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IN THE

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No.

DEEPSOUTH PACKING CO. INC., *Petitioner,*

v.

THE LAITRAM CORPORATION, *Respondent.*

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

Petitioner prays that a writ of certiorari issue to review the two Judgments of the United States Court of Appeals for the Fifth Circuit entered in the above entitled case on May 26, 1971.

CITATIONS TO THE OPINIONS BELOW

The opinions of the Court of Appeals for the Fifth Circuit (Appeals No. 28,286 and 29,776) are reported at —— F.2d —— and —— (1971), and at 170 U.S.P.Q.

190 and 196, and appear in the Appendix to this Petition, infra, pp. 6a and 1a, respectively.

The opinions of the District Court are reported at 156 U.S.P.Q. 662 (interlocutory decision); 301 F. Supp. 1037 (basis for Appeal No. 28,286); and 310 F. Supp. 926 (basis for Appeal No. 29,776).

STATEMENT ON JURISDICTION

1. This is a suit arising under the Patent Laws of the United States, Title 28, Section 1338, of the United States Code.

2. The jurisdiction of this Court is invoked under Title 28, Section 1254, of the United States Code.

3. The date of the decrees which the petitioner seeks to have reviewed is May 26, 1971.

QUESTIONS PRESENTED FOR REVIEW

A. APPEAL NO. 29,776

1. Is an apparatus claim of a United States patent directed to a combination of elements, each of which is old, infringed under 35 U.S.C. § 271(a) when:

(a) although the individual elements are manufactured in the United States,

(b) the individual elements are never assembled in the United States, and

(c) the first and only assembly of the elemental parts into an operable combination or apparatus occurs, and all testing, adjustment, modification and use of the assembled apparatus is conducted in, a foreign country?

2. Is a patent owner who

(a) has achieved economic dominance in its field (controls 90% of the market),

(b) has been aggressive in its efforts to maintain its economic position by means of extensive patent litigation including the prosecution of a patent infringement action for a period of seven years against a small competitor located in the same city (petitioner here) and, as a result, effectively has forced such competitor out of competition,

estopped from subsequently enforcing other of its patents against that same small competitor when the patent owner has refused to make a requested inspection of a prototype machine manufactured by that small competitor (and *later* commercialized) and to state whether it is contended that such machine constitutes an infringement of any such patents?

3. Do not the Patent Statutes—and particularly 35 U.S.C. §§ 100, 101, 102 and 112—and the Constitution require an inventor of a new use for a known structure to claim such invention in terms of a process or method and preclude the repatenting of a known structure merely because a new use for such structure has been discovered?

CONSTITUTIONAL PROVISION AND STATUTES INVOLVED

This case involves Clause 8 of Section 8, Article I of the Constitution of the United States, and Sections 100, 101, 102, (a), (b) and (e), 112, and 271 (a) of Title 35 of the United States Code, the texts of which are set forth in the Appendix hereof at pp. 19a-20a.

STATEMENT OF THE CASE

The basis for jurisdiction of this case by the District Court is 28 U.S.C. 1338(a), this case having been a suit for alleged patent infringement of two patents under 35 U.S.C. 281. Defendant-petitioners also brought a counter-claim for a declaratory judgment based on 28 U.S.C. 2201 and the District Court venue was proper in accordance with 28 U.S.C. 1400.

A. PROCEEDINGS IN THE COURTS BELOW

The Laitram Corporation, plaintiff and owner of the patents in suit, has asserted that shrimp deveining machines manufactured and sold by defendant/petitioner, Deepsouth Packing Co. Inc., infringe certain claims of U.S. Patents 2,694,218 entitled "Shrimp Deveining Machine" (termed the slitter patent) and 2,825,927 entitled "Shrimp Vein Remover" (termed the deveiner patent).

Plaintiff's action for alleged infringement was filed on June 14, 1967, and defendant answered denying the infringement and validity of the patents and pleaded their unenforceability. In addition, defendant counterclaimed for a declaratory judgment for invalidity, noninfringement and unenforceability of the two patents in suit and of an additional third patent, No. 2,778,055.

Desiring not to expose the '055 patent situation involving elements of fraud to litigation, plaintiff dedicated it to the public and that portion of the counterclaim was dismissed, on motion by plaintiff, as being moot. Defendant moved for summary judgment based on laches and estoppel which was denied. [156 U.S. P.Q. 662.]

On June 30, 1969, after the trial on the merits the District Court below found all of the eight asserted claims in suit of Patent No. 2,694,218 *not* infringed except for Claim 3 and all of the seven asserted claims in suit of Patent No. 2,825,927 *invalid* except for Claim 1. The Court then held only Claim 3 of the '218 patent and Claim 1 of the '927 patent valid, infringed by and enforceable against defendant, and issued an injunction enjoining any further infringement. [301 F. Supp. 1037.]

Defendant filed an appeal (Appeal No. 28,286) to the Fifth Circuit Court of Appeals from the decision of the District Court on July 30, 1969. No cross appeal was taken by plaintiff.

During the pendency of the appeal to the Fifth Circuit, defendant filed a motion with the District Court seeking a clarification that certain acts involving a foreign machine did not involve infringement of the U. S. patents and hence were not to be enjoined. The District Court agreed (310 F. Supp. 926). Plaintiff filed an appeal (Appeal No. 29,776) to the Fifth Circuit which consolidated the two appeals.

On May 26, 1971, the Fifth Circuit Court of Appeals affirmed the District Court as to the validity, infringement and enforceability of the patents and remanded the case for accounting, damage and cost proceedings (Appendix, p. 18a), and reversed it as to its interpretation of non-infringement with respect to the foreign machine (Appendix p. 5a).

B. GENERAL BACKGROUND FACTS

(1) The Patents in Suit

The patents in suit are directed to commercial apparati for deveining previously peeled shrimp.

Plaintiff's '218 slitter patent is a simple device involving a combination of old elements. The device consists of a flat, inclined static trough with water sprays thereon down which shrimp slide aided by lubricating water. A series of diagonally disposed, oppositely inclined knives are mounted in the trough and the shrimp have their backs slit as they traverse down the trough in zig-zag fashion shunted from one diagonally disposed knife to the other.

After finding that their earlierly conceived "deveiner" ('218 patent) effectively only slit, the inventors tried several different indirect approaches to attempt to remove the veins after the shrimp had had their backs slit, but these approaches all failed. They then decided to return to the direct approach found in hand-deveining, namely physically engaging the vein in the slit cavity and pulling it out. To obtain this physical engagement, they went through a materials catalogue and selected a standard commercial material having rounded, lip-like projections (similar to finger nails) produced from punched perforations. This was the same material used in the prior art for the analogous purpose of removing the scales from fish by physical engagement and separation, as well as for many other uses. The '927 patent is directed to this "fingernail" deveiner.

(2) Facts as to the Foreign Machine

Defendant manufactured or had manufactured the parts of its deveiner machine and supplied these parts to a Brazilian customer for assembly and use in the foreign country only.

The operative deveining elements of its machine, viz. the trough, razor blades and water header, which are the elements of plaintiff's patented combination, were never in any way assembled or attached together in the United States. Indeed, they were even shipped in three different crates. Likewise, the fingernail conveyor belt was never placed in, or connected together in any manner with, the discharge conveyor which also was crated separately for shipment.

The assembly and testing of the machine occurred only outside of the United States.

Prior to this case, every decision on facts such as these, including decisions of the Second, Third and Seventh Circuits,[1] was unanimous in holding that the providing of the parts of a patented combination for assembly and use only in a foreign country does not infringe the U. S. patent. The present case is admittedly in direct conflict with this unbroken string of contrary decisions.

(3) Prior History and Relationship of the Parties in Suit

Plaintiff, The Laitram Corporation, a relatively large corporation, is a manufacturer of commercial shrimp processing equipment, including peelers, deveiners, separators and cleaners. Plaintiff has secured a near absolute monopoly (90% plus) in the manufacture of commercial shrimp processing equipment, with its only effective competitor being defendant, who is virtually a "one man" corporation. To secure and maintain this monopoly position, plaintiff has

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[1] *Radio Corp. of America* v. *Andrea*, 79 F.2d 627 (2nd Cir. 1935) and 90 F.2d 612 (1937); *Cold Metal Process Co.* v. *United Engineering & Foundry Co.*, 235 F.2d 224 (3rd Cir. 1956); *Hewitt-Robins, Inc.* v. *Link Belt Co.*, 371 F.2d 215 (7th Cir. 1966).

amassed a complex network of domestic and foreign patents which it aggressively enforces.

In 1957 plaintiff filed a patent infringement law suit against defendant based on three patents on shrimp *peeling* machines. After ten long years of litigation, the law suit was settled. *Plaintiff* paid *defendant* $10,000.00 and forgave any past damages in return for defendant dismissing its antitrust counterclaim and signing a document admitting the validity and infringement of the patents.

In 1967 within a matter of weeks after settling the "peeling" litigation, plaintiff again moved to immerse defendant in tremendously expensive, time consuming and "customer frightening" patent litigation and, without even the slightest prior hint of an infringement problem, filed the present litigation based on the two deveiner patents. Thus, for the past fourteen years, plaintiff has kept defendant bogged down in patent litigation.

During the pendency of the "peeling" litigation, defendant had designed his own deveiners and indeed had received its own patents thereon. In 1964 in a desire to avoid any further patent problems, it invited plaintiff to a demonstration of proto-types of its machines and requested a statement of their patent position before embarking on a full-scale manufacturing program. Plaintiff, stating that "they [saw] no legal reason at this time for inspecting any machine made by Deepsouth Packing Co. Inc.," cavalierly refused the invitation. Based on this refusal and the approving opinion of its legal counsel, defendant went forward with its manufacturing program until the instant litigation was filed without any prior notice three years later.

The District Court below found that "considering the prior relations of the parties, Laitram *should have* inspected the Deepsouth machine when offered an opportunity to do so . . ." (emphasis added).

Plaintiff has had an extensive history of misuse and abuse with respect to its patent monopoly. The FTC found plaintiff guilty of "unfair trade practices" for charging discriminatory royalties, a holding which was affirmed by the Fifth Circuit Court of Appeals (*Lapeyre* v. *F.T.C.*, (CA-5, 1966), 366 F. 2d 117). Even more to the point was "The Crown Packers Case." (*Crown Packers Inc.* v. *Lapeyre*, (W.D.—Wash., 1966), 260 F. Supp. 193.) Therein the Court found plaintiff's predecessors guilty of patent misuse and awarded damages of $2,080,000! The case was eventually settled by plaintiff for $1,260,000.

REASONS AND SUPPORTING ARGUMENTS RELIED ON FOR GRANTING THE WRIT

A. AS TO QUESTION 1

The discretionary power of this Court to grant a writ of certiorari is invoked, *inter alia*, upon the ground of direct conflict between the Court of Appeals for the Fifth Circuit [2] and the Courts of Appeals for the Second, Third and Seventh Circuits [3] as to whether an apparatus claim of a United States patent directed to a combination of elements is infringed by mere manufacture of the separate elements of the combination in the United States when all assembly, testing,

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[2] F.2d , 170 U.S.P.Q. 196 (Appendix p. 1a).

[3] *Radio Corp. of America* v. *Andrea*, 79 F.2d 627 (2nd Cir. 1935) and 90 F.2d 612 (1937); *Cold Metal Process Co.* v. *United Engineering & Foundry Co.*, 235 F.2d 224 (3rd Cir. 1956); *Hewitt-Robins, Inc.* v. *Link Belt Co.*, 371 F.2d 215 (7th Cir. 1966).

modification or use of the claimed combination occurs outside the United States and in a foreign jurisdiction.

In accordance with the firmly established practice of this Court, such a conflict between the decisions of the Courts of Appeals, particularly when coupled with an important question of Federal Law, constitutes special and important reasons for the granting of the writ as provided in Rule 19(b) of this Court. Indeed, one of the prime purposes of certiorari jurisdiction is to bring about uniformity of decisions among the Federal Courts of Appeal. The square and irreconcilable conflict between the Fifth and the Second, Third and Seventh Circuits [4] can be resolved only by the prompt action of this Court.

That there is a direct conflict is unquestionable. The Fifth Circuit, in reversing the District Court, unequivocally stated:

> "The District Judge was clearly correct in determining that [the three decisions of the Second, Third and Seventh Circuits] stand for the proposition that a machine is not made in the United States until it is in fully assembled form. What he could not know is that *we would refuse to follow them.*" (Emphasis added; Appendix p. 3a)

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[4] Notwithstanding the Fifth Circuit's inference to the contrary (Appendix p. 3a), the *Hewitt-Robins* and *Cold Metal* cases carefully analyzed the pertinent law as shown in the detailed discussions of the courts' *ratio decendendi* in *Hewitt-Robins* (371 F.2d at 228-231) and *Cold Metal* (235 F.2d at 230, 231). Indeed the Special Master's Report in *Cold Metal*, adopted by the Court in its entirety, contains the most comprehensive treatment of this subject available. These cases did not just blindly follow the *Andrea* case.

The discretionary power of this Court to grant certiorari also is invoked upon the further ground that Question 1 involves a question of statutory Federal Law and its interpretation, namely, the interpretation of patent infringement under Title 35, Section 271(a) of the United States Code.

The question of patent infringement here involved is of paramount importance to industry in the United States and to the Bar generally in every instance where only the elements of a machine are manufactured in this country and all assembling, testing, modification and/or use of that machine occur abroad. This question goes to the very basic considerations of what constitutes the "making" of an invention and lies at the very foundation of the patent law of this country. In many important areas its answer will determine what comes within the ambit of a patent claim and will dictate substantial industrial policy in this country.

Accordingly, the determination of Question 1 will have far-reaching and substantial economic effects in the general commerce of this and foreign countries as well. Heretofore the substantial market of providing parts to foreign countries for use in combinations patented in the United States has operated freely under rules of open competition, as established by the decisions in the Second, Third and Seventh Circuits with which the Court below is squarely in conflict.

Since the decision below, complete confusion has existed. What a New York exporter can do, a New Orleans exporter cannot. Uncertainty exists as to the result which would be obtained if the point in question were to be litigated in any of the five circuits where the Courts of Appeal have not yet spoken.

This important question of Federal Law has not been, but should be, settled by this Court.

Under such decisions of this Court as *Patterson* v. *Lamb,* 329 U.S. 539; *New York* v. *Saper,* 336 U.S. 328; *United Brotherhood* v. *United States,* 330 U.S. 345, 400; *Shapiro* v. *United States,* 335 U.S. 1; and *Commissioner* v. *Bilper,* 369 U.S. 499, 501; certiorari clearly should be granted in respect to this question.

B. AS TO QUESTION 2

Question 2 involves the basic issue of whether one who has achieved a monopolistic position in a particular industry and seeks to maintain that position through enforcement of its patents has an obligation to conduct itself equitably, not only in procuring its patent rights but also in the use of such rights *vis-a-vis* its competitors.

Recently this Court appropriately has given attention to the duties and responsibilities of patentees, particularly in respect to the manner in which the patent monopoly is obtained. In the landmark decision of *Walker Process Equip. Inc.* v. *Food Mech. & Chem. Corp.,* 382 U.S. 172 (1965), the Court has held for the first time that the attempted enforcement of a patent obtained by inequitable conduct before the Patent Office not only renders such patent unenforceable but also may constitute a violation of Section 2 of the Sherman Act. As a result of this decision, improper conduct in the procuring of patents now is being considered and discussed by the courts involved with increasing frequency.[5]

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[5] As examples of such cases decided in the first year following *Walker,* see *Corning Glass Works* v. *Anchor Hocking Glass Corp.,* 253 F.Supp. 461 (D.Del. 1966); *American Cyanamid Co.* v. *F.T.C.,*

The *Walker* decision has had a sweeping and salutary effect in promoting a higher standard of conduct on the part of patentees before the Patent Office and in their attempts to enforce patent monopolies obtained under circumstances tainted with inequitable conduct. However, this Court has not yet considered the application of a similar standard of conduct to patentees, whose patent may be properly procured but is then employed ruthlessly against competitors, albeit without presently actionable misuse or antitrust violation, in order to preserve economic control of an industry.

As in the *Walker Process* situation, the lower courts are reluctant to tread new ground without guidance from this Court, the tribunal which historically has led the way in promulgation of equitable principles and standards such as those established in *Walker*. Indeed, the District Court below, in considering the very question, stated that respondent *should* (Appendix p. 17a) have made the requested inspection. Yet, without *Walker*-type guidance, it was not constrained to hold, in circumstances such as those involved here, that a patentee endeavoring to maintain economic domination over its competitors must act equitably and reasonably to prevent disastrous consequences such

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363 F.2d 757 (6th Cir. 1966); *Minnesota Mining & Mfg. Co.* v. *Projection Optics Co.*, 256 F.Supp. 354 (W.D.N.Y. 1966); *Clevite Corp.* v. *Beckman Instruments, Inc.*, 257 F.Supp. 50 (S.D.Cal. 1966); *American Cyanamid Co.*, 3 Trade Reg. Rep. ¶ 18,077 (FTC, Sept. 29, 1967); *Monolith Portland Midwest Co.* v. *Kaiser Aluminum & Chem. Corp.*, 267 F.Supp. 726 (C.D.Cal. 1967); *Crown Machine & Tool Co.* v. *KVP-Sutherland Paper Co.*, 155 U.S.P.Q. 309 (N.D.Cal. 1967); *Tractor Supply Co.* v. *International Harvester Co.*, 155 U.S.P.Q. 420 (N.D. Ill. 1967); and *Amerline Corp.* v. *Cosmo Plastics Co.*, 271 F.Supp. 215 (N.D.Ill. 1967).

as those suffered by petitioner here. Due to respondent's cavalier refusal to drive across town, make the requested inspection, and take a candid position in respect to its subsequently asserted contentions of infringement, petitioner has been economically destroyed unnecessarily and thus excluded from competing in the deveiner equipment market while respondent has emerged with its monopoly intact.

The present situation does not present an isolated instance but is repeated countless times in industry. Much litigation and ruinous legal expenses easily could be avoided if, as a result of a critical examination of the issue presented by this exemplary situation, the Court were to hold that patentees in respondent's posture have a *duty* to act to mitigate the damages of competitors who are willing to submit to an examination of their wares in order to prevent undesirable and unnecessary litigation.

Accordingly, certiorari should be granted in respect to Question 2 in order that the estoppel issue specifically raised can be re-examined in the light of present circumstances in the market place and current legal trends.

C. AS TO QUESTION 3

In 1949 Congress undertook a complete study of the patent laws, resulting in the enactment of the 1952 Patent Act (35 U.S.C.A., 1st Vol., p. 6 et seq.). Four provisions of that Act are particularly important here, *viz.*:

1. Sections 101 and 102 (Appendix pp. 19a, 20a) which require that a patentable invention must have *novelty;*

2. Section 112 (Appendix p. 20a) which requires the patentee to define his invention by "particularly pointing out and *distinctly claiming*" the invention; and

3. Section 100 (Appendix p. 19a) which defines "process" as including "a *new use* of a *known . . . machine. . . .*"

When an inventor discovers a new use for a known structure he is thus statutorily *required* to define his invention in terms of a process or method and not in terms of the *structure* which *he* did not invent.[6]

Section 100(b) specifically limits protection for a newly discovered use of an old structure to a *process* claim only. As held in *Sun Chemical Corp.* v. *Brenner*, 267 F. Supp. 617 (D.C. 1967);

> "The form in which patent rights are granted on such a new use is a process claim."

The decisional antecedent for this statutory mandate was given by this Court in *Ansonia Brass and Copper Co.* v. *Electrical Supply Co.*, 144 U.S. 11, 36

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[6] The appellate court below recognized that, whatever was the invention in the '927 patent, it was a process or method. At one point in its decision it stated: "We further agree with the factual conclusion that the real art of the '927 patent—which teaches a *method* of cleaning veins from the backs of slit shrimp meats—is uncomplicated . . . ." (Appendix p. 13a; emphasis added), and further: "The key ingredients of commercially successful deveining machinery remain an inclined trough . . . [etc., the elements of the '218 patent] coupled with a mechanical *method* [1927 patent] whereby the slit shrimp meats are brought into contact with punched metal lips which hook wedge and pull out the dangling veins" (Appendix p. 14a; emphasis added). However the patentee through its duly registered patent attorney freely but erroneously chose to try to repatent an old structure.

L. Ed. 327 (1892), where the principle was aptly stated:

> "It was said by *Chief Justice Waite* in *Roberts* v. *Ryer*, 91 U.S. 150, 157, that *"it is no new invention to use an old machine for a new purpose.* The inventor of a machine is entitled to all the uses to which it can be put, no matter whether he had conceived the idea of the use or not." 144 U.S. at 18, 36 L. Ed. at 329.

In *General Electric Co.* v. *Jewel Incandescent Lamp Co.*, 326 U.S. 242, 249, 90 L. Ed. 43, 46, 47 (1945), this Supreme Court again stated:

> *". . . A product claim describes an article, new and useful. The principle of the Ansonia case plainly would deny validity of the Pipkin patent if the prior art disclosed an electric bulb so frosted on the inside as to round out the angular crevices produced by the first etching, whether the full utility of the bulb had been previously recognized or not.* The same result is indicated where, as in the present case, the prior art discloses the method of making an article having the characteristics of the patented product, though all the advantageous properties of the product had not been fully appreciated. Lovell Mfg. Co. v. Cary, 147 U.S. 623, 37 L. Ed. 307, 13 S. Ct. 472. *Pipkin found latent qualities in an old discovery and adapted it to another end, but that did not advance the frontiers of science in this narrow field so as to satisfy the exacting standards of our patent system. Where there has been use of an article or where the method of its manufacture is known, more than a new advantage of the product must be discovered in order to claim invention.* See DeForest Radio Co. v. General Electric Co., 283 U.S. 664, 682, 75 L. Ed. 1339, 1347, 51 S. Ct. 563. *It is not invention to perceive that the product which others had discovered had qualities they failed to detect.* See Corona Tire Co. v. Dovan

Chemical Corp., 276 U.S. 358, 369, 72 L. Ed. 610, 614, 48 S. Ct. 380."

The decisions and the Statutes follow the Constitutional empowering clause that allows Inventors to secure "the exclusive Right to their . . . *Discoveries*" (Article I, Section 8; Appendix p. 19a; emphasis added).

The decision of the Court of Appeals for the Fifth Circuit, in finding Claim 1 of U.S. 2,825,927 valid, is in direct conflict with this Court's clear decisions on the precise question involved and the codification of those decisions in the 1952 Patent Act.

Indeed, both courts below refused to face up to the real issue here involved despite strenuous and repeated argument by petitioner. Instead both rejected the anticipating structural references[1] as directed to fish scalers and not shrimp deveiners—not on grounds that the structure was substantially different. (Appendix p. 13a) Such rejection begs the controlling legal question and the statutory mandate that a new use cannot justify a second patent on a known structure.

This Court has not considered this fundamental tenet of patent law involving new use of a known structure since the 1952 enactment. Accordingly, this important point is ripe for resolution by a holding establishing that the 1952 Act has merely codified the previous controlling decisions of this Court.

Certiorari should be granted here on grounds that the decision below is in conflict with a Federal Statute as supported by the antecedent decisions of this Court.

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[1] The anticipating references are documentary and simple in disclosure, directed e.g. to simple hand-held fish scalers, which are fully subject to review here, and include the uncontested finding of the District Court that the inventors used a standard structure or material found in a commercial catalog (301 F.Supp. 1051).

CONCLUSION

The questions presented by this petition raise issues requiring review by this Court to prevent conflict among the Circuits in respect to a point of law of great importance to industry and the Bar (Question 1), to consider application of the equitable standards of *Walker Process* v. *FMC* to the conduct of patentees in the use of their patent monopolies (Question 2), and to resolve a serious conflict between the decisions below with the Patent Statutes (Question 3). Certiorari should be granted as to all.

To such an end a writ of certiorari should be granted, and this Court should review the decisions of the United States Court of Appeals for the Fifth Circuit and finally reverse said decisions.

Respectfully submitted,

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August 31, 1971

APPENDIX

APPENDIX

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 29776

THE LAITRAM CORPORATION, *Plaintiff-Appellant,*

versus

DEEPSOUTH PACKING CO., INC., *Defendant-Appellee.*

Appeal from the United States District Court for the Eastern District of Louisiana

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(May 26, 1971)

Before BROWN, Chief Judge, GOLDBERG and CLARK, Circuit Judges.

CLARK, Circuit Judge: We have held this day in a companion case, *Laitram Corp.* v. *Deepsouth Packing Co., Inc.*, ante, that the district court was correct in determining that Laitram's patents were valid, and that Deepsouth had infringed Claim 3 of the '218 patent and Claim 1 of the '927 patent. Our present problem is to decide whether Deepsouth may sell its infringing machine in foreign markets when it produces all essential parts of the machine in the United States but ships it in a form which contemplates minor final assembly in such foreign markets. We hold it may not.

35 U.S.C.A. § 271(a) proscribes the unauthorized making of any patented invention within the United States.[1] Therefore, our specific task is to determine the meaning and scope of the word "makes" in § 271(a) within the context of this litigation. The district court, after enjoining Deepsouth from further infringing Laitram's patents, ruled that the infringing machine was not "made" in the United States, if not assembled in final operable condition prior to export, and accordingly modified its injunction order to permit sale abroad where the machinery was not put into operable condition in the United States.

It is undisputed that all the parts for the deveiner are produced in the United States. Not all of the parts, however, are assembled together in the United States into a complete working machine. In particular, the razor blades and the water header are not attached to the trough in the slitter and the fingernail belt is not placed in the discharge conveyor. In addition, when the machine is shipped, the razor blades, water header and trough are placed in three different crates, and the fingernail belt is crated separately from the discharge conveyor. Mr. Skrmetta, president of Deepsouth, admitted, however, that the machine could be assembled in less than an hour once it arrived overseas. His frank description of his situation to a foreign customer was this:

> "We are handicapped by a decision against us in the United States. This was a very technical decision and we can manufacture the entire machine without any complication in the United States, with the exception that there are two parts that must not be assembled in the United States, but assembled after the machine arrives in Brazil. This assembly will take less than one hour."

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[1] "Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent." 35 U.S.C.A. § 271(a) (1954).

The issue in this case appears to be one of first impression in this Circuit, and has only been decided in three other circuits. *See Radio Corp. of America* v. *Andrea*, 79 F.2d 627 (2nd Cir. 1935); *Cold Metal Process Co.* v. *United Engineering & Foundry Co.*, 235 F.2d 224 (3rd Cir. 1956); *Hewitt-Robins, Inc.* v. *Link Belt Co.*, 371 F.2d 225 (7th Cir. 1966). It should be noted that the last two decisions did nothing more than follow *Andrea*. The district judge was clearly correct in determining that these cases stand for the proposition that a machine is not made in the United States until it is in fully assembled form. What he could not know is that we would refuse to follow them.

To see how the courts have worked themselves into what we perceive to be a conceptual box, one must begin with the rule that a patent protects only the machine in its totality and not its individual unassembled elements. *Brown* v. *Guild*, 23 (Wall) 181, 90 U.S. 160, 23 L.Ed. 160 (1874); *Aro Mfg. Co., Inc.* v. *Convertible Top Replacement Co.*, 365 U.S. 336, 81 S.Ct. 599, 5 L.Ed. 2d 592 (1961); *Mercoid Corp.* v. *Minneapolis-Honeywell Regulator Co.*, 320 U.S. 680, 64 S.Ct. 278, 88 L.Ed. 396 (1943). From this well-known rule, the other circuits have reasoned that since the patent is on the whole and not merely on the parts, the protection of the patent laws is not extended until the machine is complete. Since the machine was not completed within the United States, there can literally be no infringement. "No wrong is done the patentee until the combination is formed." *Radio Corp. of America* v. *Andrea, supra* at 628.

We reject this reasoning. The word "makes" should not be given an artificial, technical construction but should be accorded a construction in keeping with the ordinary meaning of that term.

The fact situation in *Andrea* well illustrates the point. This case involved an injunction suit against an accused infringer of radio sets. It was undisputed that all the parts of the radio were manufactured in the United States, but

to make the sets operational one had to perform the simple process of inserting vacuum tubes into sockets and then plugging the radio into a wall socket. These acts were performed overseas, but it was admitted that only a matter of seconds was involved. The court nevertheless held that the radio sets were not *made* in the United States, and thus no infringement had occurred. Yet, on a second appeal after remand the court held that since additional proof disclosed the tubes had actually been inserted in the sockets in the United States for purposes of testing and then disconnected for shipment, the radio sets were "made within the United States" because they were "physically connected in an operable relationship." *Radio Corp. of America* v. *Andrea*, 90 F.2d 612 (2nd Cir. 1937).

Such a dependence on technicality would require us to countenance obvious schemes, perhaps as simple as omitting an important screw, designed to evade the mandate of § 271(a). No such magical significance should be accorded under § 271(a) to the place of ultimate mechanical assembly of a machine's elements. We hold that "makes" means what it ordinarily connotes—the substantial manufacture of the constituent parts of the machine. To hold otherwise would subvert the Constitutional scheme of promoting "the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U. S. Const. art. I § 8 Cl. 8. It would allow an infringer to set up shop next door to a patent-protected inventor whose product enjoys a substantial foreign market and deprive him of this valuable business. If this Constitutional protection is to be fully effectuated, it must extend to an infringer who manufactures in the United States and then captures the foreign markets from the patentee. The Constitutional mandate cannot be limited to just manufacturing and selling within the United States. The infringer would then be allowed to reap the fruits of the

American economy—technology, labor, materials, etc.—but would not be subject to the responsibilities of the American patent laws. We cannot permit an infringer to enjoy these benefits and then be allowed to strip away a portion of the patentee's protection.

The purpose behind the *Brown, Aro, Mercoid* rule is to prevent the patentee from exercising exclusive control over the constituent elements of his patented machine. The public has a right to utilize these elements and is only precluded from making use of the patented machine itself. Thus when interpreting § 271(a), we must balance the protection extended to the patentee by the patent laws with the public's right to use the constituent elements. This is why we do not decide at this time whether *all* of the parts must be produced in the United States. That decision must await the presentation of that fact situation. But we do hold that when all the parts of a patented machine are produced in the United States and, in merely minor respects, the machine is to be finally assembled for its intended use in a foreign country, that the machine is "made" within the United States. Here we do not have a question of the public's right to use a constituent element, but rather Deepsouth's right to use the entire patented machine. We must, therefore, give full effect to the complete panoply of the patent laws which is extended to the patentee.

The decision of the district court is reversed and the cause is remanded with directions to the district court to withdraw its modifications to the injunctive relief granted to Laitram and to take any further proceedings which it may determine to be necessary to comply with the import of this opinion.

REVERSED AND REMANDED
WITH DIRECTIONS.

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 28286

THE LAITRAM CORPORATION, *Plaintiff-Appellee,*

versus

DEEPSOUTH PACKING CO., INC., *Defendant-Appellant.*

Appeal from the United States District Court for the Eastern District of Louisiana

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(May 26, 1971)

Before BROWN, Chief Judge, GOLDBERG and CLARK, Circuit Judges.

CLARK, Circuit Judge: This patent appeal does not present purely legal questions as the appellant's attorney urges. The issues are deeply steeped in fact findings and conclusions of the trial court. This court no more retries the facts in patent cases than it does any other class of matters. *Hughes Tool Co.* v. *Varel Manufacturing Co.*, 336 F.2d 61 (5th Cir. 1964). In the almost two-year period between mid-1967 and 1969 when this case was pending in the district court, the parties compiled two volumes of pleadings, 11 volumes of trial and hearing transcript, a book of written and photographic exhibits, numerous physical exhibits and over 500 pages of briefs and memoranda. In addition to this welter of material, the conscientious trial judge viewed motion pictures of the subject machinery in operation and personally witnessed actual on-site demonstrations of both

the patented and allegedly infringing machinery in actual commercial establishment operation and in the form of reconstructed replicas. To record his endeavors and determinations, he filed a 30-page finding of fact and prepared and published a detailed opinion discussing the prior litigation history of these parties and dealing in depth with each of the claims raised. *See* 301 F.Supp. 1037 (1969). The three judges on this appellate panel have reviewed such of this material from the trial court record as has been called to our attention, together with over 300 pages of briefs filed here, and we have listened to full oral arguments. After testing every action of the trial judge which appellant assigns as error, we find no merit in the appeal and affirm the judgment entered below.

Since the district judge has published an elaborate opinion which, with its accompanying drawings and photographs, will provide any interested reader with full information as to the most intricate function of the machinery involved, it is entirely unnecessary for us to reiterate the facts in any detail. It is sufficient for an understanding of our discussion to give the following summary. The assignors of Plaintiff-Appellee, The Laitram Corporation (Laitram), obtained two United States patents covering machinery designed to remove the veins from the back of previously pealed shrimp meats on a high volume, low labor basis. Viewed from the standpoint of the product processed —the shrimp meats—the physical function of the patented machinery is this. The pealed shrimp meats are delivered to the top of an inclined trough, then, with the aid of lubricating water, gravity and a physical phenomenon first noticed by these inventors cause the meats to slide back first through a series of knives positioned in a herringbone pattern down the length of the trough, in the course of which zig zag motions the backs of the shrimp meats strike again and again against sharp knives which slit the back open and expose the vein. The sloshing water also acts to wash loose some, but less than a commercially acceptable

number, of the veins during the course of this journey. At the bottom of the trough the meats fall into a tank containing running water and a turning drum constructed of punched metal, having an inside surface composed of numerous projections similar to fingernails which catch and remove the remaining veins while the running water moves the meats along the length of the drum to the point of discharge. This machinery is covered by two separate patents. Patent #2,694,218 (218) covers the inclined trough and knife portion of the machinery, while patent #2,825,927 (927) covers the punched metal drum apparatus.

The Defendant-Appellant, Deepsouth Packing Company, Inc. (Deepsouth), has manufactured competing devices which perform the identical function. Deepsouth's watered trough has its knives in straight lines running the length of the trough and the shrimp meats are brought into contact with the knives by rocking the entire trough back and forth so that the shrimp follow a substantially similar herringbone pattern as they descend the trough, striking first one knife then another; at the bottom of the trough the shrimp are washed into contact with an endless belt constructed of the same punched metal material as Laitram's drum, by a system of water jets, developed and patented by Deepsouth, which strike the shrimp meats and wash the veins from most of them. This punched metal belt picks up the shrimp meats and deveins the remainder of them as they are moved to the end of the belt.

The trial court found claims 1 and 3 of the 218 patent to be valid and infringed by the machinery marketed by Deepsouth, under the doctrine of equivalents.[1] However,

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[1] These claims read as follows:

"1. A shrimp de-veining machine comprising an inclined trough, a water supply to said trough, and knives carried by said trough and being spaced above the trough and being oppositely inclined along a path down the trough,

the court concluded that claim 1 of this patent was unenforceable as to Deepsouth because of file wrapper estoppel. The remaining claims of 218 were found not to be infringed by Deepsouth's machinery either literally or by their equivalence. With regard to the 927 patent, the court found claim 1 to be valid and infringed,[2] while finding the remaining claims asserted to be infringed were overbroad and indefinite. The court refused to apply the negative doctrine of equivalents to free Deepsouth from liability for infringing 927.

On this appeal Deepsouth challenges the court's findings as to the 218 patent, claiming: (a) a total lack of equivalence, (b) file wrapper estoppel should have been applied to preclude claim 3 in the same manner it was to bar claim 1, (c) claim 3 was anticipated by a prior patent—McKinstry (#2,649,980), (d) claim 3 was fatally broad and indefinite, (e) laches and estoppel prevented any claim of infringement, (f) the court erred in barring Deepsouth from intro-

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said knives extending partially diagonally of the path in successively opposite directions.

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"3. A shrimp de-veining machine comprising an inclined trough down which the shrimp are induced to slide, a knife in said trough position to be encountered by the shrimp to cut the membrane confining the vein, and a water spray to the trough directed upon the shrimp for sliding shrimp down the trough and for flushing out the vein through the severed membrane."

[2] This claim reads thus:

"In a shrimp vein remover, a supporting member, a lip projecting at an acute angle from the supporting member and having a smooth rounded free edge for engaging beneath the vein of a shrimp and for wedging the vein between the lip and the supporting member, and means operatively associated with said supporting member for relatively moving the shrimp with respect to said member to cause separation of the vein from the shrimp meat."

ducing two pieces of documentary evidence which disclosed Laitram's knowledge of Deepsouth's early deveiner machinery activities.

As to infringement of the 927 patent, Deepsouth asserts that claim 1 is invalid (a) for overbreadth and indefiniteness; (b) if not overbroad, because of anticipation by the prior patents of Miller (#2,637,064) and White (#71,434); (c) because of obviousness in view of White, in combination with patents of Macklett (#565,999) or Kell (#1,028,736); and (d) because the court failed to apply the negative doctrine of equivalents.

In determining whether the trial court was correct in holding that Laitram's patents are valid and describe what Deepsouth's machinery accomplishes, we must consider the doctrines of obviousness, anticipation and equivalence.

In determining that Laitram's patents were novel, useful and not obvious, the trial court correctly applied the standard of *Graham* v. *John Deere Co.*, 383 U.S. 1, 86 S.Ct. 684, 15 L.Ed.2d 545 (1966), as it was later stressed in *Anderson's-Black Rock, Inc.* v. *Pavement Salvage Co., Inc.*, 396 U.S. 57, 90 S.Ct. 305, 24 L.Ed.2d 258 (1969), when it determined the facts which composed the scope and content of prior art and the differences between the prior art and the claims at issue, then made the mixed factual-legal determination that Laitram's improvement was not obvious to one possessing the level of ordinary skill in that art. *Swofford* v. *B & W, Inc.*, 395 F.2d 362 (5th Cir. 1968); *Deere & Company* v. *Hesston Corp.*, — F.2d — (5th Cir. 1971) [No. 29768, March 12, 1971]; *cf. Stamicarbon N.V.* v. *Escambia Chemical Corp.*, 430 F.2d 920 (5th Cir. 1970), and *Inject-O-Meter Manufacturing Co., Inc.* v. *North Plains Fertilizer and Chemical, Inc.*, — F.2d — (5th Cir. 1970) [No. 29362, March 3, 1970]. *See also* R. Sherman, Obviousness: A Question of Law or Fact? 51 Journal of the Patent Office Society 547 (1969).

Anticipation by prior art structures is largely a question of fact in any case and this is uniquely so in the case at bar. The district court's findings on this facet of the case were made without error in legal principle and are to be tested by the plainly erroneous concept of Fed.R.Civ.P. 52(a). *Hughes Tool Co.*, v. *Ingersoll-Rand Co.*, —— F.2d —— (5th Cir. 1971) [No. 28704 Feb. 5, 1971]. *Sterner Lighting, Inc.* v. *Allied Electrical Supply, Inc.*, 431 F.2d 539 (5th Cir. 1970).

When deciding whether equivalence exists in an allegedly infringing device, *Graver Tank & Manufacturing Co.* v. *Linde Air Products Co.* (on reh.) 339 U.S. 605, 70 S.Ct. 854, 94 L.Ed. 1097 (1950) teaches that a court must not subordinate form to substance. If two devices do the same work in substantially the same way and accomplish substantially the same result, they are the same even though they differ in name, form or shape. What constitutes equivalency is ordinarily to be decided by the trial court against the context of the patent, the prior art and the particular circumstances of the case, giving consideration to the purposes, quality and function of the patented device. Determining whether the Laitram and the Deepsouth machinery were equivalents entails predominantly determinations of fact requiring the balancing of credibility, persuasiveness and weight of evidence; and the trial court's decision here for review was largely based on its findings as to these criteria. Therefore, under the general principles of appellate review which are equally applicable to patent cases, it should not be disturbed unless it is clearly erroneous. *Sterner Lighting, Inc.* v. *Allied Electrical Supply, Inc., supra; V & S Ice Machine Company, Inc.* v. *Eastex Poultry Company, Inc.*, —— F.2d —— (5th Cir. 1971) [No. 29516 Jan. 15, 1971]; 5 J. Moore, Federal Practice ¶ 52.05[2] at 2697 (2d ed. 1969).

Considering the legal standards which are to be applied in such cases, we hold in sum that the trial court

acted correctly when it refused to be led into such a technical consideration of the form of the separate elements in Laitram's patents as would submerge the overall substance of what these patents claimed to do and the substantiality of the functions they described. Patent construction is seldom a matter of pure literalism. *Merry Manufacturing Company* v. *Burns Tool Company*, 335 F.2d 239 (5th Cir. 1964). This is so because a patent is to be construed as a contract, with the intent of the parties as the lodestar. It is the real invention claimed and granted protection which we seek to determine. *Del Francia* v. *Stanthony Corporation*, 278 F.2d 745 (9th Cir. 1960). A claim may be and frequently is given its true meaning by reference to the accompanying specifications and drawings which while they cannot enlarge it, may give the claim such limitation and definition as is necessary to make its abstract words descriptive of a specific device or process.

To support its claim that the 218 patent was not valid, Deepsouth alluded to a pre-existing patent issued to McKinstry. The McKinstry device was physically presented to this court at oral argument and its operational characteristics were explained. It had to be hand fed by placing one shrimp meat at a time in a precise back down position in the orifice of the machine. This feature, together with the saw and water spray employed to rip out each vein, clearly distinguish it from Laitram's 218 patent, which introduced the shrimp processing industry to volume deveining on a scale never before imagined possible.

Deepsouth suggested obviousness of the 927 patent in the court below on the basis of 48 different patents. That court considered this gaggle of patents singly and in combination with one or more of the others and concluded that they did not render 927 invalid. On appeal the number of claimed prior art disclosures has now been reduced to four. After detailed examination of these devices, we

fail to detect any error in the trial court's conclusion that no prior patent disclosed the subject matter of the uncomplicated invention taught by 927. Deepsouth concedes that one of the four patents stressed here, Miller, differs markedly in design from the structure disclosed by 927. It refers to Miller to support its contention that since the isolated words of claim 1 could be applied to describe Miller, this shows that claim 1 of 927 is void for over-claiming invention. But as we have stated, claim 1 cannot be thus singled out of its context for destruction. It must be read in the light of the specifications and accompanying drawings, and when it is, the relevance of Miller evaporates. The White patent, both singularly and in combination with Macklett and Kell, discloses only generally similar machinery designed to perform fish scaling rather than shrimp deveining. We reject the notion that the mechanical problem of engaging and removing a flat resilient scale from the side of a fish is analogous to removing a soft thread-like piece of stringy matter from the body of a shrimp meat. This is no more logical than contending that playing tiddly-winks is akin to threading a needle. The trial court's finding that the 927 patent discloses a new structure, a new mode of operation and new, beneficial and useful results in shrimp deveining, together with his finding that the combination of elements in the 927 patent are so arranged and so cooperate as to function in a manner different from the prior art known in this field and to accomplish more than merely replacing labor, are correct findings supported by competent evidence, and are not shown to be even arguably, let alone clearly erroneous.

We further agree with the factual conclusion that the real art of the 927 patent—which teaches a method of clearing veins from the backs of slit shrimp meats—is uncomplicated and that the very fact that appellant cited 48 patents covering related or associated processes, not one of which taught this simple invention, indicates as a

matter of law that it was not obvious to those then possessed of the ordinary skill of the art in this field.

We decline to be drawn, even as far as the trial court was, into a discussion of the structural dissimilarities between the mechanics of bringing the shrimp meats into contact with identical fingernail-like projections on the *outside* of a punched metal belt jostled by jets of water, rather than *inside* a tumbling drum constructed of the same material, which was half full of flowing water. Not only do such minor changes in structure or form fail to detract from the equivalence of the two operations, they also clearly show that so long as mechanical substance is allowed to control the mere form of words, the negative doctrine of equivalents does not apply. The essential effectiveness of the fingernail-type material for shrimp vein removal is further demonstrated by the fact that Deepsouth originally tried to make its machinery which performed this function out of a wire mesh material but without success. It is to be noted that failure occurred despite the accompanying use of Deepsouth's own patented jet washer system in the operation of such shrimp deveining machinery.

The key ingredients of commercially successful deveining machinery remain an inclined trough lubricated by water, knives positioned so that they strike and slit the backs of the shrimp meats as they slide down this trough, coupled with a mechanical method whereby the slit shrimp meats are brought into contact with punched metal lips which hook, wedge and pull out the dangling veins. It was Laitram's assignors who discovered that these ingredients would perform this useful function, and the grant of the 218 and 927 patents resulted. We affirm that the district court was correct in holding that the questioned claims of these patents are valid and are not simply brutum flumen licenses to litigate. Further, we hold that the court correctly applied the doctrine of

equivalents to find infringement of the 218 patent and correctly declined to apply equivalents in reverse to avoid a holding of infringement on the 927 patent.

Deepsouth contends that the court erred in failing to invoke the doctrine of file wrapper estoppel as to claim 3 of the 218 patent and places strong reliance upon the fact that the court used that doctrine to hold claim 1 of the 218 patent was not infringed. While we agree with the trial court's legal conclusion that the doctrine of file wrapper estoppel properly applies to all patent office surrenders, not merely to those which are based, upon prior art, we conclude that rather than erring in failing to apply the doctrine of file wrapper estoppel to claim 3, the trial court erred in applying that doctrine to claim 1. The facts show that during the course of obtaining its 218 patent, Laitram amended wording in the last sentence of claim 3 from ". . . and a water spray to the trough for flushing out the vein through the severed membrane" to ". . . and a water spray to the trough *directed upon the shrimp for sliding shrimp down the trough and* for flushing out the vein through the severed membrane". The trial court correctly refused to conclude that the addition of these words constituted a surrender which limited claim 3 to a device wherein the water supply was directed solely upon the shrimp. If anything, the addition of the phrase highlighted the function of the water spray for the purpose of aiding gravity to orient the shrimp meats for proper slitting, and certainly the evidence establishes that the discovery of the fact that if shrimp meats were allowed to slide freely down a a wet trough they would uniformly orient themselves back side down, was at the heart of the claimed invention. Deepsouth's contention, so strongly emphasizing that the additional function of the water spray was to be directed upon the shrimp, completely overlooks the remainder of the addition "for sliding shrimp down the trough". Laitram was not estopped by this addition to claim 3.

Our disagreement with the invocation of file wrapper estoppel as to claim 1 is briefly stated, since it does not affect the overall outcome of the appeal and is noted only to maintain consistency in our decision. The file in the patent office discloses that during the process of examining the 218 application counsel for the applicant had stressed that the herringbone arrangement of the knives in the 218 trough was a critical feature. The trial court found that this emphasis on the criticality of knife positions estopped Laitram from asserting that Deepsouth's rocking trough was the equivalent of Laitram's inclined knives. However, such a determination really reexaults form over substance. The position of the knives was only important to the function of 218 in that the knives had to be so positioned and spaced as to hit the back of each shrimp meat with sufficient force to cut it, then send it toward the next knife far enough down the trough to allow the shrimp to again orient its back side down. The letter of counsel was entirely correct that this positioning was critical where the trough was not moved. But just as the trial court was unwilling to allow Deepsouth to rock its trough to zig zag the shrimp from knife to knife and infringe claim 3, we would hold claim 1 equally infringed by Deepsouth under the doctrine of equivalents.

The final challenge of the appeal goes to the trial court's refusal to apply laches and estoppel to bar Laitram in enforcing its patent rights. Coupled with the broad assertion of error in applying these equitable doctrines is an objection to the court's refusal to admit two documents into evidence. These documents which passed from Deepsouth to third parties, made specific references to shrimp deveining machinery available for lease or sale, and Deepsouth contends that Laitram had knowledge of the contents of these documents in 1958. The court ruled the documents irrelevant and found that Laitram first acquired knowledge of Deepsouth's deveiner activities in 1962. The court held that the tendered documents showed

no more than that Deepsouth was trying to develop a deveining machine or trying to sell such a machine and that the holder of a patent would not be obliged, on the basis of such information, to make an inspection to determine if the machinery was infringing. The admission of such evidence is largely within a trial court's discretion. *Patterson* v. *McWane Cast Iron Pipe Co.*, 331 F.2d 921 (5th Cir. 1964). We decline to invade the trial court's discretionary province as to the admissibility of this peripheral evidence.

Here again, there is really no basis for dispute as to the existence of competent evidence to support the court's specific findings of fact. The disagreement arises because the ultimate conclusions of fact were made as they were. Based upon findings that Laitram's predecessor knew of a patent issued for a rocking shrimp slitter much like the rocking slitter found to infringe, and knew that such a machine had been put together with Deepsouth's assistance and information in the year 1962, and upon a finding that Laitram first learned of Deepsouth's use of a punched metal fingernail belt in a deveining device in 1965, the court found that Laitram asserted its patent rights within a reasonable period of time. It further found that the time which elapsed after Laitram became aware of Deepsouth's actual devices was not of sufficient length to induce Deepsouth to believe that Laitram had abandoned its patents or considered its patent rights to be worthless. The court found no acquiescence by Laitram in any of Deepsouth's activities. Although the court found that because of prior patent infringement litigation between the parties Laitram ought to have inspected Deepsouth's machines when Deepsouth advised it in mid-October 1964 that it had developed a deveining machine which it was preparing to offer to shrimp canners and processers, the court nevertheless found that Deepsouth could not reasonably have relied upon Laitram's failure to inspect, and that such a failure would not estop Laitram

in the present assertion of its patent rights because Deepsouth failed to show any significant investment in plant or equipment relative to manufacture of deveining machinery made as a result of Laitram's conduct.

Deepsouth insists that a serviceman employed by Laitram's predecessor had knowledge of a test run on an experimental rocking slitter in mid-1957. However, the court found that information about this test was never brought to the attention of any responsible person in the company's management until after the present suit was filed. All allegations of laches or estoppel refer only to the shrimp slitter covered by the 218 patent. No issue is raised that Laitram was guilty of inequitable inaction after it got the mid-1965 information concerning infringement of the 927 patent.

Laitram emphasizes that Deepsouth invoiced its first infringing shrimp deveiner March 22, 1965; and the present action was commenced a little over 20 months later. Laitram further charges that Deepsouth did not rely on any failure to act by it, but rather relied upon the urgings of potential customers and opinions of its attorneys that its deveining equipment did not infringe.

In the midst of such equivocal facts and such charges and counter-charges and, given the trial court's prerogative and duty to draw conclusions of fact from the evidence and testimony presented to it when it is exercising its broad equitable discretion to enjoin, we see no clearly erroneous fact determination and no abuse of discretion on that court's part in rejecting this equitable defense.

The judgment dated June 30, 1969 is affirmed and the cause is remanded for accounting, damage and cost proceedings in accordance therewith and not inconsistent with this opinion.

AFFIRMED AND REMANDED.

Constitutional Provision Involved

Article I, Section 8:

"The Congress shall have Power * * *

"To Promote the Progress of Science and useful Arts, by securing for Limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries; * * *." [U.S.C.A., *Constitution*, 1st Vol., p. 39].

Statutes Involved

35 U.S.C. 100: DEFINITIONS:

When used in this title unless the context otherwise indicates—

(a) The term "invention" means invention or discovery.

(b) The term "process" means process, art or method, and includes a new use of a known process, machine, manufacture, composition of matter, or material.

(c) The terms "United States" and "this country" mean the United States of America, its territories and possessions.

(d) The word "patentee" includes not only the patentee to whom the patent was issued but also the successors in title to the patentee. [35 U.S.C.A., 1st Vol., p. 80.]

35 U.S.C. 101: INVENTIONS PATENTABLE: Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title. [35 U.S.C.A., 1st Vol., p. 80].

35 U.S.C. 102: CONDITIONS FOR PATENTABILITY; NOVELTY AND LOSS OF RIGHT TO PATENT: A person shall be entitled to a patent unless—

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country * * * more than one year prior to the date of the application for patent in the United States, or

* * *

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, * * *. [35 U.S.C.A., 1st Vol., p. 81].

35 U.S.C. 112: SPECIFICATION:

* * * *

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention * * *. [35 U.S.C.A., 1st Vol., p. 82].

35 U.S.C. 271: INFRINGEMENT OF PATENT:

(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent * * *. [35 U.S.C.A., 1st Vol., p. 101].